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## IN THE CLAIMS

Please consider the claims as follows:

1. (original) A local terminal for targeting advertisements, comprising: a local terminal switching engine; a local terminal data collection engine coupled to the switching engine; a group assignment rules processor engine coupled to the switching element and the data collection engine; and a memory coupled to the switching engine, the data collection engine, and the rules processor engine.
2. (original) The local terminal of claim 1, wherein the memory comprises a subscriber database comprising one or more of: local terminal identification information; local terminal type; date of system set-up; household income; subscriber data, including name, sex, age, place of birth, education, and profession; TV program preferences; demographic information; past advertisements viewed data, including number of times viewed information; past products ordered, including time, date, and method of order information; past billing information; past TV programs watched data, including time and date information; past pay per view programs ordered data, including time and date information; mood indicators entered at time of local terminal turn on; form-based questionnaire results from subscriber; group assignments per subscriber for each target category; past advertisements delivered to subscriber, date of delivery, method of delivery, zip+4 information; household location or address; number of subscribers in household; and responses to prompts from past group assignment rules interactions.
3. (original) The local terminal of claim 1, wherein the rules processor engine comprises one or more group assignment rules.
4. (original) The local terminal of claim 1, further comprising an interface for inputting local viewer information into the memory.

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5. (original) The local terminal of claim 4, wherein the local viewer information comprises automatically collected information and manually entered information.
6. (original) The local terminal of claim 5, wherein the data collection engine comprises: an automatic data collection module, wherein the automatic data collection module includes an event monitor that records data related to the occurrence of specific events; and a manual data collection module, wherein the manual data collection module includes an on-screen prompt module that generates one or more prompts based on the group assignment rules and the local viewer information.
7. (original) The local terminal of claim 6, wherein the events include one or more of programs watched, feeder channels viewed, pay-per-view events purchased, interactive advertisements selected, click stream data, and Internet web sites visited.
8. (original) The local terminal of claim 7, wherein the prompt is in a form of an on-screen menu.
9. (original) The local terminal of claim 1, further comprising a global positioning satellite interface, whereby local terminal location information is provided for storage in the memory.
10. (original) The local terminal of claim 1, further comprising an external data source interface, whereby data external to the local terminal is received for storage in the memory.
11. (original) The local terminal of claim 1, wherein the switching engine comprises a feeder channel selector, and wherein a feeder channel is selected to display a targeted advertisement based on a group assignment of the local terminal.
12. (original) The local terminal of claim 1, wherein the memory comprises a targeted advertisements database comprising one or more stored targeted advertisements, and

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wherein the switching engine selects one or more of the one or more stored targeted advertisements for display.

13. (original) The local terminal of claim 1, wherein the switching engine comprises a switching plan, whereby targeted advertisements are displayed.

14. (original) The local terminal of claim 13, whereby the switching plan designates one of a program channel and a feeder channel, and wherein the program channel and the feeder channel each carry alternative targeted advertisements.

15. (original) The local terminal of claim 13, wherein targeted advertisements are stored in the memory, whereby the switching plan designates a stored targeted advertisement for display.

16. (original) The local terminal of claim 13, wherein the switching plan is generated from a source external to the local terminal, the switching plan based on targeted advertisement categories and group assignment rules.

17. (original) The local terminal of claim 1, wherein the group assignment rules processor engine comprises a review module, whereby current group assignment rules stored at the local terminal are available for display to a user of the local terminal.

18. (original) The local terminal of claim 17, wherein the group assignment rules processor further comprises an override module, whereby the user may override one or more of the current group assignment rules.

19. (original) The local terminal of claim 1, wherein the local terminal is a set top terminal in a television program delivery system.

20. (original) A method for local targeting of advertisements, comprising: defining one or more target categories; segmenting one or more of the one or more target categories

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into groups; creating group assignment rules for one or more of the one or more target categories; and providing the group assignment rules to one or more local terminals, wherein the group assignment rules define targeted advertisements to be displayed at the one or more local terminals.

21. (original) The method of claim 20, further comprising periodically resending the group assignment rules to the one or more local terminals.

22. (original) The method of claim 20, further comprising inputting local viewer information into a memory in a local terminal.

23. (original) The method of claim 22, wherein the step of inputting local viewer information comprises: automatically entering the local viewer information; and receiving manual input of the local viewer information.

24. (original) The method of claim 23, further comprising providing prompts to prompt a viewer to make the manual input.

25. (original) The method of claim 24, further comprising providing an on-screen menu at the local terminal, the on-screen menu comprising a prompt.

26. (original) The method of claim 22, wherein the step of inputting the local viewer information comprises receiving local terminal location information from a global positioning satellite.

27. (original) The method of claim 22, wherein the step of inputting local viewer information comprises receiving information from sources external to the local terminal.

28. (original) The method of claim 22, wherein the local viewer information comprises one or more of: local terminal identification information; local terminal type; date of system set-up; household income; subscriber data, including name, sex, age, place of

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birth, education, and profession; TV program preferences; demographic information; past advertisements viewed data, including number of times viewed information; past products ordered, including time, date, and method of order information; past billing information; past TV programs watched data, including time and date information; past pay-per-view programs ordered data, including time and date information; mood indicators entered at time of local terminal turn on; form-based questionnaire results from subscriber; group assignments per subscriber for each target category; past advertisements delivered to subscriber, date of delivery, method of delivery; zip+4 information; household location or address; number of subscribers in household; and responses to prompts from past group assignment rules interactions.

29. (original) The method of claim 20, further comprising: receiving a program channel at the local terminal, the program channel carrying a program and one or more advertisement spots, and one or more primary targeted advertisements for display in the one or more advertisement spots; receiving one or more feeder channels, each of the one or more feeder channels carrying alternative targeted advertisements; storing a switching plan at the local terminal; and at a local terminal, selecting one of the program channel and one of the one or more feeder channels to display an advertisement at the local terminal, the selection based on the group assignment rules and the switching plan.

30. (original) The method of claim 22, further comprising modifying the local viewer information in the memory based on the group assignment rules.

31. (original) The method of claim 22, further comprising creating the group assignment rules based on the local viewer information.

32. (original) The method of claim 20, further comprising: storing one or more targeted advertisements in a memory at a local terminal; receiving a program at the local terminal, the program comprising one or more targeted advertisement spots; storing a switching plan at the local terminal; and at the local terminal, selecting one of the one or

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more stored targeted advertisements for display in one of the one or more targeted advertisement spots, the selection based on the group assignment rules and the switching plan.

33. (original) The method of claim 20, further comprising: displaying the group assignment rules to a viewer at a local terminal; and receiving an override command from the viewer, the override command changing one or more group assignment rules stored at the local terminal.

34. (original) The method of claim 20, wherein the local terminal is a set top terminal in a television program delivery system.

35. (original) The method of claim 20, wherein the group assignment rules are provided using a television program delivery system.

36. (original) The method of claim 20, wherein the group assignment rules are provided using the Internet.

37. (original) The method of claim 20, further comprising assigning the local terminal to a targeting group based on the group assignment rules.

38. (original) The method of claim 20, wherein the group assignment rules are received from an operations center.

39. (original) The method of claim 20, wherein the group assignment rules are received from a cable television headend.

40. (original) A local terminal for targeting advertisements, comprising: means for switching between alternative targeted advertisements at the local terminal; means, coupled to the switching means, for collecting information at the local terminal; means, coupled to the switching element and the information collecting means, for processing

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the collected information and for controlling the switching means; and means, coupled to the switching means, the information collection means, and the processing means, for storing the collected information

41. (original) The local terminal of claim 40, wherein the storing means comprises means for segregating viewer information according to one or more of: local terminal identification information; local terminal type; date of system set-up; household income; subscriber data, including name, sex, age, place of birth, education, and profession; TV program preferences; demographic information; past advertisements viewed data, including number of times viewed information; past products ordered, including time, date, and method of order information; past billing information; past TV programs watched data, including time and date information; past pay-per-view programs ordered data, including time and date information; mood indicators entered at time of local terminal turn on; form-based questionnaire results from subscriber; group assignments per subscriber for each target category; past advertisements delivered to subscriber, date of delivery, method of delivery; zip+4 information; household location or address; number of subscribers in household; and responses to prompts from past group assignment rules interactions.

42. (original) The local terminal of claim 40, wherein the processing means comprises means for assigning local terminals to target groups.

43. (original) The local terminal of claim 40, further comprising means for receiving viewer information for input into the storing means.

44. (original) The local terminal of claim 43, wherein the viewer information comprises automatically collected information and manually entered information.

45. (original) The local terminal of claim 44, wherein the collecting means, comprises: means for automatic data collection, wherein the automatic data collection means includes an means for recording data related to the occurrence of specific events; and

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means for manual data collection, wherein the manual data collection means includes an means for prompting information input, wherein the prompting means generates one or more prompts based on the group assignment rules and the local viewer information.

46. (original) The local terminal of claim 45, wherein the events include one or more of programs watched, feeder channels viewed, pay-per-view events purchased, interactive advertisements selected, click stream data, and Internet web sites visited.

47. (original) The local terminal of claim 45, wherein the prompt is in a form of an on-screen menu.

48. (original) The local terminal of claim 40, further comprising means for determining a geographical position of the local terminal, whereby local terminal position information is provided for storage in the storing means.

49. (original) The local terminal of claim 40, further comprising means for receiving viewer-related information from an external source, whereby data external to the local terminal is received for storage in the storing means.

50. (original) The local terminal of claim 40, wherein the switching means comprises means for selecting a feeder channel, and wherein a feeder channel is selected to display a targeted advertisement based on a group assignment of the local terminal.

51. (original) The local terminal of claim 1, wherein the storing means comprises a targeted advertisements database comprising one or more stored targeted advertisements, and wherein the switching means selects one or more of the one or more stored targeted advertisements for display.

52. (original) The local terminal of claim 1, wherein the switching means comprises a switching plan, whereby targeted advertisements are displayed.



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53. (original) The local terminal of claim 52, whereby the switching plan designates one of a program channel and a feeder channel, and wherein the program channel and the feeder channel each carry alternative targeted advertisements.

54. (original) The local terminal of claim 52, wherein targeted advertisements are stored in the storing means, whereby the switching plan designates a stored targeted advertisement for display.

55. (original) The local terminal of claim 53, wherein the switching plan is generated from a source external to the local terminal, the switching plan based on targeted advertisement categories and group assignment rules.

56. (original) The local terminal of claim 55, wherein the external source is a television delivery system operations center.

57. (original) The local terminal of claim 55, wherein the external source is a cable television headend in a cable television program delivery system.

58. (original) The local terminal of claim 1, wherein the processing means comprises means to locally review group assignment rules, whereby current group assignment rules stored at the local terminal are available for display to a user of the local terminal.

59. (original) The local terminal of claim 58, wherein the processing means further comprises means for overriding group assignment rules, whereby the user may override one or more of the current group assignment rules.

60. (original) The local terminal of claim 1, wherein the local terminal is a set top terminal in a television program delivery system.